

## **MUNICIPAL CORPORATIONS COMMITTEE**

**DATE:** August 21, 2006

**CALLED TO ORDER:** 4:30 p.m.

**ADJOURNED:** 6:05 p.m.

### **ATTENDANCE**

#### **Attending Members**

Ron Gibson, Chair  
Vernon Brown  
Lonnell Conley  
Sherron Franklin  
Scott Keller  
Isaac Randolph  
Earl Salisbury

#### **Absent Members**

None

### **Budget Hearing**

Capital Improvements Board  
Indianapolis Marion County Public Library Board  
Indianapolis Public Transportation Corporation

## **MUNICIPAL CORPORATIONS COMMITTEE**

The Municipal Corporations Committee of the City-County Council met on August 21, 2006. Chairman Ron Gibson called the meeting to order at 4:30 p.m. with the following members present: Vernon Brown, Lonnell Conley, Scott Keller, Isaac Randolph and Earl Salisbury. Also present was Bart Brown, City-County Council Chief Financial Officer.

### Capital Improvements Board

Barney Levengood, Capital Improvements Board (CIB) Director, and Dixie Gough, CIB Controller, presented the budget proposal for 2007 (See Exhibit A, a copy of which is on file in the Council's office). Mr. Levengood said that the CIB was looking for a slight increase in all areas of the budget, but the overall increase for the total budget is less than 1% from 2006. Mr. Levengood presented the budget by line item and said that the total capital outlays for operating costs for 2007 are projected to be \$72,670,000. Debt Service is projected to be \$32,904,400. Mr. Levengood said that the CIB is getting close to receiving \$3 million a month in debt service.

Mr. Levengood said that the \$27 million in lease payments is a combined amount for Conseco Fieldhouse, Indiana Convention Center (convention center), and RCA Dome. Chairman Gibson asked which building contributed the largest percentage of lease payments. Ms. Gough said the largest lease payments come from Conseco Fieldhouse because it is the newest and the largest of the buildings.

Mr. Levengood presented the income by line item. He said line items 008 and 009, Stadium and Convention Center tax revenues, are relatively new and quite substantial. Chairman Gibson wanted clarification that all the revenues listed were a combined total of all five sources. Ms. Gough said that the Professional Sports District (PSDA) will not start until July 1, 2008. Mr. Levengood stated that next year the total would include all five sources for funding.

[Clerk's Note: Councillor Franklin arrives 4:40 PM]

Chairman Gibson asked for a brief update on the Lucas Oil Stadium (stadium). Mr. Levengood stated that the stadium construction seemed to be going well, but most importantly there have been virtually no major accidents or injuries. Mr. Levengood pointed out the large size of the stadium. The stadium will have 63,000 seats, 140 suites, and 7,100 club seats. He further stated the stadium would have 40,000 square feet at the north end for an exhibit hall. The seats on the sidelines and the north end will retract to make more space. He said with the seats in place for games the size will be 94,000 square feet, but with the seats retracted the size will be 130,000 square feet. The retractable seats in the north end will also be able to be removed to create a wide-open space for convention visitors to enter and exit from the stadium to the convention area.

Chairman Gibson asked if a marketing plan was in place. Mr. Levengood said that the Indianapolis Convention & Visitors Association (ICVA) have two letters of commitment from both Performance Racing Industry (PRI) and Custom Electronic Design and Installation Association (CEDIA). Both conventions will return to Indianapolis if the stadium is completed by August

2008 and the convention center expansion is completed by September 2010. Mr. Levensgood pointed out that these conventions are the largest and to keep them we must stay on task and get the construction completed regardless of the challenges. Mr. Levensgood also said that the construction team is made up almost exclusively of Indiana companies.

Chairman Gibson asked Mr. Levensgood to clarify which properties are owned by the state and which properties are owned by the city. Mr. Levensgood said that the stadium is being built by the state, but will be operated by CIB. The convention center expansion will be built on the RCA Dome property and will also be owned by the state. The old or existing part of the convention center will continue to be owned by the city. Both parts of the convention center will be operated by CIB. Because CIB will operate both the stadium and convention center properties, the employees and the public will not see any differences between state owned and city owned property.

Chairman Gibson asked about the depletion of reserve funds and if there will be enough to complete the project without finding new revenue sources. Mr. Levensgood said that he believes that the funding problems reported in the paper were accurate. He acknowledged that money is tight and that there will be some challenges.

Chairman Gibson asked Mr. Levensgood to confirm that there are no new taxes in this budget. Mr. Levensgood confirmed there are no new taxes. Chairman Gibson asked if the CIB board had approved the budget proposal. Mr. Levensgood confirmed that the board had approved it.

Councillor Randolph stated that it was reported that the revenue shortfall was tied to the higher than anticipated price of steel. He asked if there would be a future price fix through early purchasing for the convention center expansion or if the price is expected to stay about the same. Mr. Levensgood said that this was not his area of expertise, but he expects steel prices to remain high unless the economy changes drastically. Councillor Randolph asked if there were any other building material prices that were anticipated to rise drastically. Mr. Levensgood stated that CIB relies on their construction manager for that expertise. However, he said he is concerned that the ripple of high fuel costs will cause the price of all material to increase.

Councillor Franklin asked if this budget contained the last Colts annual inducement payment. Mr. Levensgood said that the last payment would occur in 2008.

Councillor Keller asked for a review of the cultural tourism project and funding resources. Mr. Levensgood stated that there have been tangible results in various districts. He said the funding comes from CIB and the Lilly Endowment. The CIB has budgeted about \$1 million per year for five years and the Lilly Endowment has matched that. Lilly Endowment gave an additional \$2.5 million to that fund. In this budget there is a line item of \$2 million for cultural tourism in the budget proposal.

Councillor Salisbury asked if the recent rise in crime would affect convention business. Mr. Levensgood stated that CIB facilities have an excellent safety record. CSC is the security provider for the football games and 24 hour security. Protection Plus provides off-duty police officers for the RCA Dome. Mr. Levensgood stated that visitors that have talked to him have stated that Indianapolis is a great location, clean, well lit and feels safe.

Councillor Conley stated that he remembers when Indianapolis hosted a small amount of small conventions. He said CIB should be commended for bringing so many large conventions to the city. The fact that two large conventions have committed to returning to Indianapolis should be regarded as a monumental compliment to everyone involved in conventions and tourism.

Chairman Gibson asked for public input or additional comments, none were offered.

Indianapolis Marion County Public Library Board

Linda Mielke, Indianapolis Marion County Public Library Board (IMCPL) CEO, and Becky Dixon, IMCPL CFO, presented the budget proposal for 2007 (See Exhibit B, a copy of which is on file in the Council's office). Chairman Gibson stated that Council appointees to the board, Louis Mahern and Sarah Taylor, were in attendance, as well as board member Mary Lou Rothe.

Ms. Mielke stated that the budget proposal for 2007 contains a 2% decrease from 2006. She stated that the budget also reflects the opening of the central library branch in late 2007.

Ms. Dixon stated that an overview could be found on page two of the budget proposal. She said that the library has started using a collection agency for fines and fees. Ms. Dixon said that for every \$1.00 spent on the collection agency, the library has collected \$2.32 in fines and fees and this will increase 2007 revenues of fines and fees by \$100,000. She stated that 2007 Co-Op revenue will remain the same as 2006. The Co-Op is a shared partnership, in which the library provides cataloging services to private schools. Ms. Dixon stated that IMCPL expected \$730,000 from the Library Foundation and \$550,702 from the Marion County Internet Library Grant.

Ms. Dixon stated that this budget includes an 8% reduction in the total cost of personal services. She stated that the budget includes a 1% salary increase for all employees not at the top of their pay grade, and overtime pay, merit checks, longevity and expansion of pay grades have been eliminated and will save the library \$250,000 in 2007. Ms. Dixon said that health care costs are expected to increase 15% from 2006, and PERF will increase 1% in 2007. She stated that reductions in public relations, programming, training, telephones, and books would allow the library to operate without an increase in taxes. She stated that the increases in the budget are due to the rising costs of services such as utilities, gasoline, and general maintenance. The 2007 budget includes additional costs that are associated with the opening of the central library.

Chairman Gibson clarified that the budget's total operating costs in 2006 were \$36.8 million, but it is projected to be \$36.3 million in 2007. Ms. Dixon stated that this budget included operating costs and capital projects. She said IMCPL is eliminating the capital project fund in 2007 in order to stay within the tax levy. She stated that in 2006 the budget was cut by \$1.5 million and IMCPL took that cut in capital projects fund.

Ms. Mielke stated that IMCPL conducted a survey of patrons this year. The survey shows that patrons are pleased with the services they receive. Overall circulation has increased 20%, with certain branches over 50%. Ms. Dixon stated that they are expanding Sunday hours and 10 branches will be open on Sunday throughout the year.

Chairman Gibson asked Ms. Dixon and Ms. Mielke to discuss debt service. Ms. Dixon stated that the 2007 debt service is estimated to be \$8 million. Ms. Mielke stated that these numbers

are estimates, because IMCPL recently sold \$25 million worth of bonds at a favorable interest rate and that these bonds will not affect taxpayers until 2008. Chairman Gibson asked what kind of affect will that have on the 2008 budget. Ms. Dixon responded that in 2008 there will be an increase in debt service, and that the central library project and the sale of more bonds will also affect the 2008 budget. Mr. Mahern pointed out the 2008 budget will also be largely affected by the outcome of lawsuits regarding central library construction. Ms. Dixon said that any proceeds received from the lawsuits will be used to retire the debt. Ms. Mielke stated that two mediations have been scheduled in the next few months.

Councillor Salisbury thanked IMCPL for the central library tour and stated that the people responsible for discovering the construction problems should be commended for probably saving lives. He asked if any branches were closed on Saturdays. Ms. Mielke stated that Flanner House is the only branch closed on Saturday. Councillor Salisbury asked for clarification about the number of branches open on Sundays. Ms. Dixon stated that of the 22 library branches, 10 are currently open on Sundays.

Councillor Keller asked if there is a relationship between IMCPL and school libraries. Ms. Mielke stated that IMCPL does some cataloging of books through the Co-Op program, and there is some sharing of books between the libraries. Ms. Mielke stated that members of the library board staff visit schools to give programs, such as the summer reading program. Ms. Dixon stated that IMCPL has launched a web-based program called tutor.com where K – 12 students can log in to a chat room environment for homework help. She stated that tutor.com is staffed by qualified professionals from 2:00 PM – 10:00 PM. Chairman Gibson asked if tutor.com is available to students through means other than the Internet. Ms. Dixon stated that it was only available through the IMCPL website.

Councillor Conley asked why there was a 69% increase in repairs and maintenance for 2007. Ms. Dixon stated that the line item used to exist under the capital project fund. That fund no longer exists in the 2007 budget, so the repairs and maintenance line item was moved under the operating fund.

Councillor Franklin asked if IMCPL knew what the true operating budget for 2008 would be with opening of the central branch. Ms. Dixon stated that IMCPL anticipates a \$2 million increase to operate the central branch.

Bart Brown stated that a \$1.3 million shortfall should be anticipated in 2008, because the 2007 budget proposal shows IMCPL operating \$723,308 under the maximum tax levy, but the anticipated increase for 2008 is \$2 million. He asked if the reserve fund balance would cover the \$1.3 million shortfall. Ms. Dixon stated that there would not be enough funds in reserve to cover the increased operating costs and the debt service. She stated that trying to do so at the current budget would bankrupt the library, so IMCPL is considering a tax increase or other alternative funding for 2008.

Councillor Brown stated that at the last meeting Mr. Mahern stated that IMCPL was considering a tax increase. He asked if that was still a consideration for 2007. Ms. Mielke stated that it was not a consideration for the 2007 budget proposal. Councillor Brown asked about the status of their labor/management relations. Ms. Mielke stated that money was the issue and she stated that the library does not have money; however she is trying to keep IMCPL employees smiling.

Mr. Mahern stated that the library board passed a resolution giving the employees a framework to decide whether or not to have representation.

Councillor Randolph asked about the average salaries of library staff. Ms. Mielke stated that the average salaries of professional staff are \$45,000 per year and clerk/support staff is \$25,000 per year.

Chairman Gibson asked the Council's Board appointees, Sarah Taylor and Louis Mahern, to give a brief report to the committee. Ms. Taylor stated that she was appointed three years ago. She said that her children participate in the summer reading program, and that she is anxiously anticipating the opening of the central branch and is looking forward to future projects. Mr. Mahern stated that he wanted to clear up one comment. He said the library board does not intend to use the reserve funds to meet the \$1.3 million shortfall about which Mr. Brown inquired. He further stated that he and Ms. Mielke intend to begin planning for the 2008 budget proposal next week to find alternative sources of funding. Councillor Randolph asked if Mr. Mahern and Ms. Mielke could periodically return to the committee to report on the 2008 budget discussions. Mr. Mahern said that he could return to give preliminary reports during those discussions.

Chairman Gibson asked if the IMCPL board had approved the budget proposal. Ms. Mielke stated that it had been approved.

Chairman Gibson asked for public input or additional comments, none were offered.

[Clerk's Note: Committee adjourned 5:15 PM and reconvened 5:30 PM]

#### Indianapolis Public Transportation Corporation

Gilbert Holmes, Indianapolis Public Transportation Corporation (IndyGo) President, Mike Terry, IndyGo Vice President of Business Development and Jim Thompson, IndyGo Procurement Director, presented the budget proposal for 2007 (See Exhibits C and D, copies of which are on file in the Council's office).

Mr. Holmes stated that the presentation will include a review of 2006 and the presentation of the budget for 2007. He stated that all 2006 projected increases and decreases occurred. Mr. Holmes stated that the increases included fuel costs, which is the only projection IndyGo was disappointed to meet. He stated that ridership increased over 6%, twice the national average and fare box revenue increased over 8%. He said there was a \$600,000 decrease in insurance claims during 2006. Mr. Holmes stated that the 2006 fuel price was set at \$1.92 per gallon and that the newly formed fuel consortium was able to set that price for the year. Mr. Holmes stated that moving IndyGo's customer service center to the City Market improved visibility, accessibility and customer service, while lowering the cost of operation by \$50,000 per year. He also stated that the Blue Line Circulator (blue line) is a bus that runs a downtown loop at no charge to riders and has a ridership of 10,700. He said that he believes the blue line is popular, because it allows people to park once and to visit various attractions without having to move their vehicles.

Chairman Gibson stated that the blue line ridership is outstanding. He asked if that service is being marketed to advance IndyGo and to enhance ridership and if those kinds of things would add value to IndyGo and the city. Mr. Holmes said that IndyGo is examining the possibility of

adding trolley buses to the fleet for the blue line and elsewhere. He further stated that the blue line enhances IndyGo, because many of the people who are riding it do not normally use public transportation. Mr. Holmes said that once those riders have a good experience on the blue line, they begin to consider using public transportation. Mr. Holmes stated that the trolley buses they are considering are actually buses with a trolley facade. He further stated that the trolley buses have an appeal to both citizens and visitors, which would increase ridership. He said these buses would be easy for IndyGo to maintain because they are the same mechanically as the existing buses.

Chairman Gibson asked if an increase in ridership would increase federal funding. Mr. Holmes stated that federal funding is based on ridership.

Councillor Conley asked if the trolley buses were similar to the tourist trolleys used in other cities, such as Denver. Mr. Holmes stated they were the same trolleys that are used all over the country. Councillor Franklin asked if the trolleys were currently being used on a trial basis. Mr. Holmes stated that they aren't currently in service, but IndyGo would like to add them. Councillor Franklin asked if IndyGo has considered using them in other places, such as Pendleton Pike. Mr. Holmes stated that IndyGo is hoping to develop a relationship with the City of Lawrence. Councillor Franklin offered to help with that relationship.

Councillor Salisbury stated that he remembered IndyGo using trolley buses in the past. Mr. Holmes stated that IndyGo tried trolley buses in the 1980's, but those trolleys were not successful because they were difficult to maintain. Mr. Holmes stated that IndyGo now takes a group of people, including mechanics, to evaluate new equipment prior to purchasing it. He further stated that the trolley buses they are currently evaluating have the same chassis and engines and will not require a new inventory of parts for repair.

Mr. Holmes stated that capital investments are funded 80% by the federal government and 20% by local government. Those capital investments allowed IndyGo to place security cameras and audio monitoring devices in every fixed route bus in the fleet. He further stated that each bus has seven cameras that are operational. The cameras are located inside and outside the bus and feature infrared technology that will be able to record in the dark. Mr. Holmes stated that IndyGo has installed technology upgrades. These include new scheduling software that replaces 20-year-old software. He said that installation of new software for financial and human resources will be completed in a few months. Mr. Holmes stated that a new bus washer had been installed and this ends the practice of hand washing each bus, which results in cleaner buses. Mr. Holmes stated that a new fuel depot has been installed, which allows IndyGo to measure oil and fuel consumption of each vehicle. He said a new security system is currently being installed, almost 100 new bus shelters have been installed around the city and the old bus stop signs are being replaced through the new sign project. Mr. Holmes said that all these investments have increased ridership.

Mr. Holmes stated that the 2007 budget proposes to maintain the current level of service while managing increasing costs. He said that the budget proposes to increase fare passes \$0.25. He said the budget projects a 19% increase in health care costs and a \$0.71 per gallon increase in fuel costs. Mr. Holmes stated that St. Louis fare prices are \$1.60, Louisville prices are \$1.00, Dayton prices are \$1.50, and Chicago prices are \$1.75. He said that with the increase IndyGo would charge \$1.50, which is in line with other cities and will help cover the rising cost of operations.

Mr. Holmes said that 2007 expenses are projected to be \$46,339,000, an increase of \$3.7 million from 2006. He said in 2006, IndyGo formed a fuel consortium with seven other transit operations in Indiana and other states. Together, they were able to get fuel at \$1.91 per gallon for all of 2006. He said they were projecting fuel to cost \$2.62 per gallon for 2007. Mr. Holmes said that the program was so successful, that the fuel consortium has grown to 43 members in 2007, including IPS, IAA, and other public sector entities. The consortium will have a price negotiated by the end of August. Councillor Brown asked if the City of Indianapolis is a member of the fuel consortium. Mr. Holmes stated that they were indeed members. Mr. Holmes stated that they expect to see 37% increase in fuel costs. He stated that benefits are expected to increase 19%, while labor costs are expected to increase to \$683,000. Mr. Holmes stated that the investment IndyGo has made in training has reduced costs in benefits, lost time, and workers compensation.

Mr. Holmes stated that the revenue from the new fares should increase by almost \$900,000 in 2007. He said tax revenues are projected to increase by \$1.2 million. He also stated that federal and state funding based on ridership should increase by \$337,000. Mr. Holmes stated that the 2007 proposal for IndyGo's capital program would continue to leverage federal funds for investment, including facility upgrades, technology upgrades communication systems and safety systems. Mr. Holmes stated that as the population ages, public transit ridership would increase. He stated that there is a \$6.00 return on investment for every \$1.00 invested in transit. He said Indianapolis is the 12<sup>th</sup> largest city in the U.S., but the IndyGo system only ranks 47<sup>th</sup> among the top 50 cities. He further stated that IndyGo will not receive lower rankings, but it's time to invest in public transit.

Chairman Gibson stated that the 2007 budget contains no request for new taxes. He also asked if the IndyGo board has approved the budget proposal. Mr. Holmes stated that the board will vote on the budget on September 13<sup>th</sup>, but there are no anticipated changes.

Chairman Gibson asked for public input or additional comments, none were offered.

With no further business pending, and upon motion duly made, the Municipal Corporations Committee of the City-County Council was adjourned at 6:05 p.m.

Respectfully Submitted,

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Ron Gibson, Chairman  
Municipal Corporations Committee

RG/cmc